

IIP growth slips to 4.5% in Sept; retail inflation falls to 3.31% in Oct

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Growth in industrial output slowed to 4.5 per cent in September against 4.7 per cent in the same month last year as the festival season started late this year compared to 2017.

Growth faltered as the output of capital goods and mining expanded at a slower pace in September than in the previous month.

The index of industrial production (IIP) growth numbers were revised for August from 4.3 per cent to 4.7 per cent.

If compared to the provisional numbers, growth would be seen as moderately rising. As such, it is a bit of a statistical illusion, depending on which number one takes for August because some people may argue provisional numbers should be compared to provisional numbers.

However, a low base effect of September 2017 compared to August 2017 should have magnified the growth numbers for September this year. IIP growth fell to 4.1 per cent in September 2017 against 4.5 per cent in August. This is the last crucial official data before the gross domestic product numbers for the second quarter of the current financial year come out by the end of November.

"The mild dip in industrial growth in September was driven by the impact of floods in some parts of the country, and the disruption related to the later start to the festive season, and does not pose a substantial concern," Aditi Nayar, chief economist at ICRA said.

Among three major segments, it was primarily electricity generation, which grew 8.2 per cent in September against 7.6 per cent in the previous month. However, electricity constitutes just around 8 per cent of the IIP. The growth rate in manufacturing, the dominating segment, accounting for 78 per cent of the IIP, declined to 4.6 per cent in September from 5.1 per cent in the previous month.

Mining output remained almost flat, rising only by 0.2 per cent in September against a contraction of 0.5 per cent in August.

Within manufacturing, capital goods continued to witness volatility despite the new IIP. The growth rate here moved down to 5.8 per cent from 9.3 per cent.

Infrastructure and cement grew to 9.5 per cent from 7.9 per cent, while intermediate goods expanded at slower rate of 1.4 per cent against 2.8 per cent.

Consumer and primary goods grew at the same rate in September as in August.

Factory numbers

- Manufacturing growth slows to 4.6% in Sept from 5.1% in Aug
- Mining rises 0.2% in Sept against contraction of 0.5% in Aug
- Electricity generation rises 8.2% in Sept against 7.6% in Aug

While consumer durable saw growth of 5.2 per cent in September against 5.3 per cent in the previous month, fast-moving consumer goods grew 6.1 per cent against 6.5 per cent.

Retail inflation cools to yr-low of 3.31%

Retail inflation fell to a one-year low of 3.31 per cent in October on the back of cheaper kitchen staples, fruits and protein-rich items, official data released on Monday showed. Experts believe that the monetary policy committee may retain the policy rate at its meeting next month despite core inflation (inflation sans food and fuel) showing some signs of concern.

The inflation, based on the Consumer Price Index (CPI), was 3.7 per cent in September this year and 3.58 per cent in October 2017. The retail inflation number is the lowest since September 2017 when it touched 3.28 per cent. The rate of price rise in the food basket contracted by 0.86 per cent in October compared to 0.51 per cent rise in September, according to the Central Statistics Office data.

Vegetable prices declined by 8.06 per cent in October against a 4.15 per cent contraction in September.

The retail inflation also cooled in protein-rich items such as cereals, eggs, milk and related products. However, inflation quickened to 8.55 per cent for the “fuel and light” category against 8.47 per cent in September.